BROADCASTING & MARKETING, INC.

INTERNETFM.COM

May 30, 2003

Office of the General Counsel
James Madison Memorial Building
Room LM-403
First and Independence Avenue, SE.
Washington, DC 20559-6000

To Whom It May Concern:

This letter of May 30, 2003 serves as our notice that pursuant to the April 3, 2003 petition, as amended by the April 14, 2003, correction of the proposed regulations, that Steven Leventhal, as beneficial owner of 75% of SRN Broadcasting and Marketing, Inc. is filing a written objection with the Copyright Office and an accompanying Notice of Intent to Participate in the upcoming CARP proceeding.

Our objection(s) to the current royalty rate(s) is/are as follows:

1) there is no percentage of revenue provision for non-subscription transmission

2) the Small Webcaster Settlement Act of 2002 has no provision to exclude good and services by a media or entertainment company that are unrelated to the transmission of copyrighted material

3) the minimum royalty fee is too expensive and still creates a substantial barrier to entry for "hobbyists" or "very" small webcasters (defined as annual revenues of less than $10,000)

Discussion of objections:

Non-subscription transmissions - Not every entity wishes to charge a subscription for access to its product. There is ample anecdotal evidence that with the enormous amount of choices – internet, radio, and television persons do not have to subscribe to a service to receive content. Many viewers are offended by charging for content and refuse to pay, regardless of how low the price may be. Nonetheless, no licensing arrangement should discriminate against sites that do want to charge a subscription fee.

P.O. Box 414 ◦ 307 E. Washington Ave. ◦ Lake Bluff, IL 60044
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Arizona Sales Office: 800.240.9103

Sales of other internet goods or services - Our organization has been in the entertainment business for ten years. For the past four years, we have generated income through the sale of sports audio interviews to third parties.

The provisions of the agreement can be construed such as to substantially include all of that income

To wit - Section 8 (h) of the agreement defines "*gross revenues*" as "all revenue of any kind earned by a person or entity"

That would put a business similar to ours at a competitive disadvantage by placing additional costs of operation that were not related to the costs of goods sold, and nor accrued by businesses not involved in transmission of copyrighted works. No company should it be forced to create a separate entity (with associated accounting and other costs) solely for purposes of such transmissions. We have spent many years building a branded name for our organization and its products to create a host of separate entities.

The minimum fee is too high – at $2000 for revenues of up to $50,000, is unreasonable for many "hobbyists" or "very" small webcasters who will likely have revenues of less than $10,000, including most startups.

By creating a sliding scale of minimum fees, the agreement could be made palatable to most businesses, offer a greater opportunity to succeed in the long run, and provide real income for copyright holders.

We propose a rate similar to the one used by songwriters and publishers, which is about 2% of revenues and has been arrived at by successful negotiation over many years.

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For example –

Fee	Revenues
$250	0 - $10,000
$500	$10,001 - $20,000
$750	$20,001 - $30,000
$1250	$30,001 - $50,000

If these suggestions were incorporated into the current agreement, it would create a climate that would encourage more entities to provide entertainment on the Internet, thus increasing the variety of choices and even if few succeeded it would be more than under the current system.

Respectfully submitted,

Steven Leventhal
President

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